



## NATIONAL HOUSING TRUST

[nationalhousingtrust.org](http://nationalhousingtrust.org)

### ABOUT THIS PROJECT

Our program-related investment will allow NHT to purchase market rate apartment buildings in high-opportunity communities and open 20 percent of them up for Section 8 voucher holders. The goal is to improve educational outcomes for low-income students who lack access to high-quality schools; these developments will all be in blue-ribbon school districts. Kresge's Social Investment team has a focus on investing in mixed-income, mixed-use developments that promote health and equity, that are adaptive to and build resiliency to climate change, and/or that are transit-oriented. This investment aligned with that focus as the developments will include substantial energy-efficiency improvements. NHT developed this strategy to demonstrate the viability of mixed income housing in high opportunity neighborhoods using existing buildings and without the need for additional subsidy.



### WHY WAS THIS NEEDED?

**CHALLENGE:** Apartment buildings in high opportunity communities – places where schools are considered high quality -- are highly desirable assets. Families who rent want their children to have access to quality schools, but rents in good school districts can rise rapidly and price out low-income families. Private market capital moves quickly. Capital for affordable housing developments often does not, as it faces more regulations. **RESPONSE:** Kresge's capital investment allows NHT to move quickly to compete with the private market and purchase apartment buildings in these communities. It then can renovate the buildings, giving them green upgrades, and open a portion of the units to families who hold Section 8 housing vouchers.

### IMPACTED LOCATION



BALTIMORE, CHICAGO,  
NEW JERSEY AND WEST  
HARTFORD (CN)

### YEAR APPROVED

2016

### TYPE OF TRANSACTION

PRI LOAN

### KRESGE PROGRAM

AMERICAN CITIES  
PRACTICE

### AMOUNT OF INVESTMENT

\$6 MILLION

### GRANT SUPPORT

\$150,000

### TERM OF INVESTMENT

10 YEARS



## ABOUT THE BORROWER

The National Housing Trust protects, improves, and maintains existing affordable housing so that low-income families can live in quality neighborhoods with access to opportunities. Using the tools of real estate development, rehabilitation, finance, policy advocacy in conjunction with sustainable practices, the Trust is responsible for saving more than 36,000 affordable homes in all 50 states, leveraging more than \$1.2 billion in financing. NHT is the only national nonprofit engaged in housing preservation through public policy advocacy, real estate development, and lending. NHT maintains a national network of local partners and is a sophisticated player in the affordable housing space.

## Key Considerations



**Aaron Seybert**  
Social Investment  
Officer  
Social Investment  
Practice

- » A key risk in this investment is that our capital is not adequate – i.e.: large enough – to help NHT truly compete with the private market
- » We mitigated this by providing very favorable terms, hoping this would attract other capital to NHT's fund.
- » We structured this as a loan to simplify the structure, but we may convert our debt into an equity investment over time.
- » While investing in mixed-income, mixed-use development to bolster outcomes for low-income people is not a new practice, the field needs better data to define the benefits of these developments and the link to the intended positive outcomes for low-income residents. To that end, Kresge paired its investments in this space with rigorous evaluations and will share those findings with the field.
- » In this investment, evaluators will track education outcomes for students living in participating developments to see whether opening affordable housing units in areas with traditionally high performing schools leads to better outcomes.



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